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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/058,318

01/30/2002

Randolph Fowler Totten

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07/21/2008

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EXAMINER

OYEBISI, OJO O

ART UNIT

PAPER NUMBER

3696

MAIL DATE

DELIVERY MODE

07/21/2008

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/058,318	<b>Applicant(s)</b> TOTTEN, RANDOLPH FOWLER	
	<b>Examiner</b> OJO O. OYEBISI	<b>Art Unit</b> 3696	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 28 May 2008.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 3,4,7,8,11,12 and 17-19 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 3-4, 7-8, 11-12, and 17-19 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                     | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

**DETAILED ACTION*****Response to Arguments***

Applicant's arguments, in the interview conducted on 5/14/2008, have been fully considered and are persuasive. The previous rejection has been withdrawn. Claims 3-4, 7-8, 11-12, and 17-19 would be allowable if rewritten or amended to overcome the rejection(s) under 35 U.S.C. §101, set forth in this Office action.

***Claim Rejections - 35 USC §101***

1. 35 U.S.C. §101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 3-4, 7-8, 11-12, and 17-19 are rejected under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter.

3. Based on Supreme Court precedent (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) and recent Federal Circuit decisions, §101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing (the Supreme Court recognized that this test is not necessarily fixed or permanent and may evolve with technological advances. *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972)).

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4. If neither of these requirements is met by the claim(s), the method is not a patent eligible process under 35 U.S.C. §101.

5. In this particular case, regarding the first test, in performing the steps of the claimed subject matter, there is no requirement that a machine be used, thus the claims are not considered sufficiently tied to another statutory class.

Regarding the second test, since the claimed subject matter may be performed using only human intelligence, the steps do not sufficiently transform the underlying subject matter to be statutory. Thus, to qualify as a 101 statutory method, the claim should positively recite the other statutory class (the thing or product) to which it is tied.

#### ***Allowable Subject Matter***

6. The allowable subject matter: determining a financial asset services value to be paid to the service provider as percentage of the principal and the interest paid in connection with the financial account, distinguishes the applicant's invention from the prior art. The claimed invention determines a financial asset services value to be paid to the service provider by: for example, assume mortgage servicing fee equals 0.125% per annum of Principal and Interest paid. Also assume \$100 million of 6% mortgage loans as of May 1. Assume that in May \$50 million of mortgage loans prepay. Assume that in June no mortgage loans prepay. Then, Fee for May is 0.125% times \$500,000 interest paid, which = \$625. Also for May, 0.125% times \$50 million of principal paid = \$62,500. Thus, the Total fee for May is \$63,125. Now, the fee for June is 0.125% times \$250,000

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interest paid, which =  $\$312 + (\text{May } 0.125\% \text{ times } 0 \text{ principal paid, which} = \$0)$ .

Thus, Total fee for June is \$312. The total fee paid to the service provider in May and June is  $\$62,500 + \$312 = \$62,812$ .

The prior arts, Han, Jun (1996, July). To securitize or not to securitize? The future of commercial real estate debt markets. *Real Estate Finance*, 13(2), 71. Retrieved October 29, 2007, from ABI/INFORM Global database. (Document ID: 10054405), by contrast, determines a financial asset services value to be paid to the service provider by: for example, assume Mortgage Servicing Fee equals 0.125% per annum of OUTSTANDING PRINCIPAL. Also Assume, \$100 million of mortgage loans as of May 1. Assume that in May \$50 million of mortgage loans prepay. Assume that in June no mortgage loans prepay. Then, the Fee for May is \$100 million times 0.125% divided by 12 = \$10,416. Now, the Fee for June is \$50 million (June 1 loan balance) times 0.125% divided by 12 = \$5,208. The total fee paid to the service provider in May and June is  $\$10,416 + \$5,208 = \$15,624$ .

It can be easily deduced from the calculations supra that the prior art way of determining a financial asset services value to be paid to the service provider (i.e., determining a financial asset services value to be paid to the service provider as percentage of the principal) leaves the service provider worse off than the claimed invention way of determining a financial asset services value (i.e., determining a financial asset services value to be paid to the service provider as percentage of the principal and the interest paid in connection with the financial account).


***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to OJO O. OYEBISI whose telephone number is (571)272-8298. The examiner can normally be reached on 8:30A.M-5:30P.M.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Thomas Dixon can be reached on (571)272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/OJO O OYEBISI/  
Primary Examiner, Art Unit 3696

<b><i>Application Number</i></b> 	<b>Application/Control No.</b> 10/058,318	<b>Applicant(s)/Patent under Reexamination</b> TOTTEN, RANDOLPH FOWLER	
	<b>Examiner</b> OJO O. OYEBISI	<b>Art Unit</b> 3696	